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MEMORANDUM

AZ CORP. CONTROL  
DOCKET CONTROL

TO: Docket Control

FROM: Steve M. Olea  
Director  
Utilities Division

2012 OCT 15 PM 2 55

DATE: October 15, 2012

RE: STAFF'S RESPONSE TO WRITTEN COMMENTS IN THE MATTER OF  
PROPOSED RULEMAKING CONCERNING THE PROCESSING OF  
COOPERATIVE UTILITY RATE CASES (DOCKET NO. RU-00000A-12-0270)

Attached is the Staff Report regarding written comments made by interested parties on Proposed Rulemaking Concerning the Processing of Cooperative Utility Rate Cases, pursuant to Decision No. 73287. Decision No. 73287 ordered the Utilities Division to file with the Commission's Docket Control on or before October 15, 2012, a document including (1) a summary of any written comments filed by interested persons between the effective date of that Decision (August 10, 2012) and October 9, 2012, and (2) the Utilities Division's responses to those comments.

SMO:BEK:sms

Originator: Barbara Keene

Arizona Corporation Commission  
DOCKETED

OCT 15 2012

DOCKETED BY  
JSM

SERVICE LIST FOR: PROPOSED RULEMAKING CONCERNING THE PROCESSING OF  
COOPERATIVE UTILITY RATE CASES

Docket No. RU-00000A-12-0270

Mr. Creden W. Huber  
Sulphur Springs Valley Electric  
Cooperative, Inc.  
350 North Haskell  
Willcox, Arizona 85643

Mr. Vincent Nitido  
Trico Electric Cooperative, Inc.  
P.O. Box 930  
Marana, Arizona 85653-0930

Mr. Patrick F. Ledger  
Arizona Electric Power Cooperative, Inc.  
Southwest Transmission Cooperative, Inc.  
P.O. Box 2165  
Benson, Arizona 85602

Mr. John V. Wallace  
Grand Canyon State Electric Cooperative  
Association, Inc.  
2210 S. Priest Drive  
Tempe, Arizona 85282-1109

Mr. C. Webb Crockett  
Fennemore Craig  
3003 N. Central Ave., Suite 2600  
Phoenix, Arizona 85012-2913

Chris Martinez  
Columbus Electric Cooperative, Inc.  
P.O. Box 631  
Deming, New Mexico 88031

LaDel Laub  
Dixie-Escalante Rural Electric Association,  
Inc.  
HC 76 Box 95  
Beryl, Utah 84714-5197

Mr. Michael Pearce  
Duncan Valley Electric Cooperative, Inc.  
P.O. Box 440  
Duncan, Arizona 85534-0440

Mr. Carl R. Albrecht  
Garkane Energy Cooperative, Inc.  
P.O. Box 465  
Loa, Utah 84747

Mr. Steve Lines  
Graham County Electric Cooperative, Inc.  
Graham County Utilities, Inc.  
P.O. Drawer B  
Pima, Arizona 85543

Mr. J. Tyler Carlson  
Mohave Electric Cooperative, Inc.  
P.O. Box 1045  
Bullhead City, Arizona 86430

Mr. Charles R. Moore  
Navopache Electric Cooperative, Inc.  
1878 W. White Mountain Blvd.  
Lakeside, Arizona 85929

Mr. Michael Patten  
Mr. Jason D. Gellman  
Roshka, DeWulf & Patten PLC  
One Arizona Center  
400 E. Van Buren Street, Suite 800  
Phoenix, Arizona 85004

Mr. Michael A. Curtis  
Mr. William P. Sullivan  
Curtis, Goodwin, Sullivan, Udall & Schwab  
PLC  
501 E. Thomas Road  
Phoenix, Arizona 85012-3205

Mr. Michael M. Grant  
Gallagher & Kennedy PA  
2575 E. Camelback Road  
Phoenix, Arizona 85016-9225

Mr. Jeffrey W. Crockett  
Brownstein, Hyatt, Farber & Schreck  
1 E. Washington Street, Suite 2400  
Phoenix, Arizona 85004-0001

Mr. Russell E. Jones  
Waterfall, Economidis, Caldwell, Hanshaw  
& Villamana PC  
5210 E. Williams Circle, Suite 800  
Tucson Arizona 85711-7497

Mr. Charles C. Kretek  
Kretek Law Office, LLC  
Post Office Box 2641  
Deming, New Mexico 88031-2641

Mr. Steven Olea  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Janice M. Alward  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**PROPOSED RULEMAKING CONCERNING THE PROCESSING OF  
COOPERATIVE UTILITY RATE CASES**

**DOCKET NO. RU-00000A-12-0270**

**STAFF RESPONSE TO WRITTEN COMMENTS**

**OCTOBER 15, 2012**

## STAFF ACKNOWLEDGMENT

The Staff Response to Written Comments for Proposed Rulemaking Concerning the Processing of Cooperative Utility Rate Cases, Docket No. RU-00000A-12-0270, was the responsibility of the Staff member listed below.

A handwritten signature in black ink that reads "Barbara Keene". The script is cursive and fluid.

Barbara Keene  
Public Utilities Analyst Manager

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## **Introduction**

The Arizona Corporation Commission ("Commission") issued Decision No. 73287 on August 10, 2012. In that Decision, the Commission ordered that a Notice of Proposed Rulemaking including proposed cooperative utility rate case rules be filed with the Office of the Secretary of State for publication. The Notice of Proposed Rulemaking was published in the *Arizona Administrative Register* on September 7, 2012.

Decision No. 73287 requested that interested parties provide comments concerning the Notice of Proposed Rulemaking by filing written comments with the Commission's Docket Control by October 9, 2012.

Decision No. 73287 also ordered the Utilities Division to file with the Commission's Docket Control on or before October 15, 2012, a document including (1) a summary of any initial written comments filed by interested persons between the effective date of that Decision (August 10, 2012) and October 9, 2012, and (2) the Utilities Division's responses to those comments.

Comments were received from nine consumers; Grand Canyon State Electric Cooperative Association, Inc. filing on behalf of the Cooperatives;<sup>1</sup> and Arizona's G&T Cooperatives.<sup>2</sup>

## **SUMMARY OF WRITTEN COMMENTS MADE REGARDING THE PROPOSED RULES AND STAFF'S RESPONSE TO THEM**

Three consumers from Bullhead City expressed support for the proposed rules, with one of the consumers specifically mentioning the expedited rate-making process to reduce expenses and the rule provisions for member input and interaction. A member of Navopache Electric Cooperative also expressed support for the proposed rules because the rules could result in savings of time and expense to file a rate case.

A consumer from Pinetop Lakes expressed opposition to the proposed rules because the rules would speed up rate increases. Four members of Mohave Electric Cooperative also object to the proposed rulemaking, one of them specifically stating that six months is not enough time for the members to research, organize and voice opinions.

The Cooperatives support the proposed rulemaking because they estimate that the rules would save between 50 and 80 percent of the cost of the current rate case process and improve the financial condition of the Cooperatives as rate increases would be received sooner. The

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<sup>1</sup> Arizona Electric Power Cooperative, Inc.; Southwest Transmission Cooperative, Inc.; Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Graham County Utilities; Mohave Electric Cooperative, Inc.; Navopache Electric Cooperative, Inc.; Trico Electric Cooperative, Inc.; Sulphur Springs Valley Electric Cooperative, Inc.; Columbus Electric Cooperative; Dixie Escalante Rural Electric Association, Inc.; and Garkane Energy Cooperative, Inc.

<sup>2</sup> Arizona Electric Power Cooperative, Inc. and Southwest Transmission Cooperative, Inc.

Cooperatives state that the rights of their members/customers would not change under the proposed rules. Members/customers would continue to receive notice regarding a proposed change in their rates, have the right to object to the proposed change, have the right to request intervention in the case, and the right to request a hearing before the Commission.

Arizona's G&T Cooperatives also support the proposed rules and state that the objective of the streamlined approach for review of cooperative rate cases is for "an efficient and meaningful process for Staff and Commission review of, and timely action on, cooperative financial information, coupled with effective notice and input opportunities for interested parties."

Staff believes that cooperative utilities meeting eligibility requirements should benefit from reduced legal and consulting costs from simpler rate filings and shorter processing timeframes. Consumers of cooperative utilities should benefit as cooperative utilities pass on the cost savings of the simplified process to their ratepayers. However, cooperative utilities may file rate cases more frequently.